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Dear Mr. Secretary:

I wish to acknowledge receipt of a copy of your report to the President on your recent trip behind the Iron Curtain.

As you are aware there is keen interest in this Agency in your trip. Your report has been sent to the appropriate staff people for their information and analysis, and we look forward to receiving the supplementary reports which you mention.

Sincerely,

/ John

John A. McCone
Director

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The Honorable Orville L. Freeman *can*
The Secretary of Agriculture
Washington 25, D. C.

STAT

☐ :MMW (19 Aug 63)

Orig - Addressee
cc - ER
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Agriculture



DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

WASHINGTON 25, D.C.

August 16, 1963

For analysis
Confidential

MEMORANDUM

See Bureau Code

To: Dean Rusk, Secretary of State
George W. Ball, Under Secretary of State
Theodore C. Sorensen, Special Counsel to the President
Myer Feldman, Deputy Special Counsel to the President
McGeorge Bundy, Special Assistant to the President
David E. Bell, Administrator, Agency for International Development
John A. McCone, Director, Central Intelligence Agency ✓

From: Orville L. Freeman, Secretary of Agriculture

Attached hereto is a brief recap report made to the President of the recently completed trip to the Soviet Union, Poland, Rumania, Bulgaria and Yugoslavia, including notes on conversations held with heads of State.

Other supplementary reports are in process and will be circulated as soon as completed. These will include: (1) a more detailed summary and review; (2) a narrative report on conversations, observations and occurrences, combining the experiences of all members of the tour; and (3) analyses and evaluations of experiences and observations in the light of the best current information and the best judgment of the experts.

Attachments

63-6473

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

August 15, 1963

MEMORANDUM

To: The President
The White House

From: Orville L. Freeman
Secretary of Agriculture

Subject: Weekly Report

Since sending in a report to you on July 30, 1963, summarizing some preliminary impressions on our tour of the Soviet Union, we visited four Communist countries. In each country I was privileged to have a conference with the head of the government, or, in the case of Poland, the highest government officials then in the country (Gomulka was vacationing in the U.S.S.R.). In each we visited various kinds of farms and agricultural research institutions, and had long discussions with Ministers of Agriculture, planning officials, and the managers of the various enterprises we saw.

In each country the welcome we received was remarkably cordial, warm, and friendly. In each there were deeply sincere expressions of hope for peace, of regard for the nuclear test ban treaty as an important step toward lessening of tensions, and of desire for closer relations with the United States, both in regard to trade and with respect to the exchange of people and information.

In each country I talked with the people on the streets and on farms and in villages - to individuals as well as to groups - as well as to officials. I brought greetings from the President and the people of the United States; and emphasized the desire of both the Administration and the people for friendly relations and world peace. I did this because it is clear that the rank and file in these countries do not realize this fact. They have been taught to regard the "ruling classes" of the United States as "imperialist war mongers", and they do not believe that the American people know and fear the horrors of war as they do.

2--The President

In most of the rural areas, and even in some cities like Grenburg, this was the first time any Americans had had direct contact with the people -- an opportunity to express directly to them some of the real aims and hopes of the people of America. I tried to take advantage of every opportunity I could find to make such direct contacts. It appears that now the iron curtain may be loosened sufficiently so that we can get through to the people a little, and I believe that any effort to get across the peaceful intent of the United States will have constructive results. The general regard for President Kennedy now seems very high. He is identified with steps toward peace and friendship. This positive image ought to be emphasized on every possible occasion in every appropriate way.

All of the countries visited have certain characteristics in common, as well as certain differences that should be taken into account.

Common Characteristics

1. In each country the Communist regime is firmly in control. Tight organization, and integration of the Communist Party leadership at all levels has resulted in effective domination of government and economy.
2. In each country, nationalism is a very strong factor -- a force that has been skillfully used to strengthen Communism; but which has also within it potential for weakening ties with the Soviet Union, and which can and ought to be exploited to this end.

There is an underlying desire for approval and acceptance by the West, and especially by the United States. This is in part tied to hopes for improved trade that will strengthen their economies. It is in part a yearning for status on the part of prideful and sensitive governments. In part it is a real desire for acceptance as a nation and recognition of their accomplishments.

I believe every effort should be made to exploit this feeling to strengthen our relationships and to correspondingly weaken their ties to the U.S.S.R. In my judgment this calls for the most able and effective American representation in these satellite countries. (It was clear to me that nations accustomed to being regarded as merely tails on the Soviet Union kite felt highly complimented by the visit of a high government official to their countries, and that this was one reason why they did their utmost to welcome our party with the greatest hospitality at their command.

3-The President-

3. In each country there exists, in varying degrees, pride in the progress made under planned economy; and in each there is hope for rising standards and more consumer goods.

4. Finally, in each, there is hope for peace, a welcome of the partial nuclear test ban treaty as a first step, and a desire for further steps toward lessening tension, a hope for increased commercial relationships and especially to buy from us plants to produce rubber, machines, fertilizer and other things.

A Few Highlights With Regard to Each Country.

1. Poland

Here I met with the highest officials then in Warsaw (Gomulka and Prime Minister Cyrankiewicz were out of the country); Ochab, Vice-Chairman of the Council of State and allegedly the third man in the Politburo; Jedrychowski, the Chairman of the Planning Commission; Rapacki, the Foreign Minister; Murakiewicz, the Vice Minister of Foreign Trade; and Stefan Ignar, the Vice-Chairman of the Council of Ministers.

In contrast with the Soviet Union, a more relaxed feeling in Poland was noticeable, although Poland is certainly a police state. A contrast of symbolic importance was evident on our first visit to a collective farm. Instead of the huge pictures of Marx, Lenin, and Khrushchev to which we had become accustomed, there were no pictures, only a crucifix over the door.

The Poles obviously feel cultural superiority over the Soviet Union, feel hopelessly squeezed by the position in which both their geography and their history have placed them, and feel an overwhelming hatred and fear of Germany. Foreign Minister Rapacki (an intense, somewhat disturbed and disturbing man) expressed with tense feeling his concern lest the West allow West German interests to kill all hopes for further lessening of East-West tension. (When the Poles cite their history as to how Germany has plundered Poland, and when they are reminded of the fact that Russia did the same, their answer is always that Communism has cured all that and that the Soviet Union is different from the old Russia.)

4-The President

Poland, of course, wants another P.L. 480 agreement, an assurance of M.F.N. treatment, and is concerned about U.S. boycotts of Polish goods, especially ham. These were brought up repeatedly by Polish officials, discussed at length. In each case I explained the American system and the position of this Administration.

It might be noted that P.L. 480 exports have helped to make it possible for continued private ownership of 85% of the farmland in Poland, in that they decreased the pressure for forced collectivization. Agricultural production in Poland has increased to about pre-war level; agricultural science is good. Poland has more intensive agriculture with higher use of fertilizer than any of the other bloc countries. Future increases in productivity, however, will be difficult under present agricultural policy. Consideration should be given to a policy of trying to encourage Poles to increase the size and productivity of their private holdings by the use of P.L. 480 local currency for land consolidation and credit, thus substantially improving the chances of maintaining a progressive, largely private, system of farming.

There is a great feeling of good will toward the U.S. in Poland. Trade relationships and exchanges have helped to create this. It should not be dissipated.

2. Romania

Here I met with the President for a two hour conference at his summer home on the Black Sea, as well as with all of the major government officials. My impression of qualities that characterize the President and the other officials include the fact that they are able, sophisticated, ruthless, determined, thoroughly Communist, yet reluctant to submit to domination by the U.S.S.R. They like to emphasize that Romania is not Slavic, that it has a great cultural heritage, and that it possesses great resources and potential for development.

Romania wants to buy industrial installations from the U.S. -- with specific mention of 2 synthetic rubber plants -- as well as agricultural plants. Carot is quite a hero to them.

5--The President

The best examples of Rumanian agriculture show progress in science and mechanization that has reached a high level. Their potential for progress is high, provided they make the necessary investments. Their economic and administrative handling of agriculture is modeled after that of the U.S.S.R. and they are not troubled by peasant ownership of the land as is the case in Poland and Yugoslavia.

Nationalistic as well as economic considerations lie beneath the insistence on the part of the President that Rumania makes its own plans and decisions and that any arrangements made through CEMA are made after full discussion and with common consent, and that CEMA would not try to control its members, and "couldn't even if it did try." He added that, CEMA is "democratic" and that Rumania belonged in it.

One unusual note. On our arrival at the airport in Bucharest, and again at our arrival at Constantia on the Black Sea, American flags were flown along with Rumanian flags.

3. Bulgaria

Prime Minister Zhivkov and other major government officials not only held a conference with us, but provided an official luncheon with toasts and other accompaniments. This was described to us as unprecedented as related to treatment of representatives of a non-Communist state.

Bulgaria tries to imitate the U.S.S.R., as indicated by the common saying that "When it rains in Moscow, Bulgarians open their umbrellas." Officials are hard-line Communists. We were informed that Stalinists are still around, although they are obscured at present.

Yet Bulgarian nationalism exists among the peasants and others. Even with their adherence to Moscow, the officials indicated their appreciation at being treated as an independent state. They were lavish in their hospitality.

Agriculture in Bulgaria was far behind, and still has far to go, but there, too, we saw examples of their best and noted real progress. Some of their agricultural scientists are doing excellent work -- notably illustrated by the development of an excellent hybrid tomato, and with progress in some other fruits and vegetables.

4. Yugoslavia

Here we found, as expected, the most western-oriented situation. The Voice of America has never been jammed in Yugoslavia, and Yugoslavians use American libraries there. Compared to the other countries we visited,

6--The President

the whole atmosphere seemed freer. There has been a much greater exchange of personnel, especially in agriculture, with the U.S., and its results were evident both in good will and in agricultural progress.

We had a conference with Marshall Tito, and several conferences with other government officials. With regard to the conflict between the peasant and Marx, they made two points perfectly clear - simultaneously: their ultimate goal is complete socialization of agriculture; but they will not do this by means of forcible coercion of the peasants. They say they will do this by education and demonstration, in an evolutionary manner, and that it may take "ten, twenty, or fifty years".

In this connection it is clear that in Yugoslavia, as in Poland, our P.L. 480 program has contributed materially to the continued ownership of 85 percent of the farm land by the peasants. Continued and improved trade relations might even be more influential in the future.

Nationalism is very strong, augmented by the strong partisan spirit generated in World War II, and by pride in the fact that they have followed their own course rather than one subservient to the U.S.S.R. Tito is much revered.

Yugoslav officials insist that their system of workers' and farmers' councils is unique, that such councils have some management functions and some elements of competition with each other. There is no question, however, that Communist Party leadership within such councils -- as elsewhere -- can effectively assure adherence to the party line. They do seem to allow the market to influence somewhat the allocation of resources.

There is a noticeably greater supply of consumer goods in Yugoslavia, and a noticeably higher standard of living in the cities.

Although we know that Yugoslavia is deeply concerned about trade relations with U.S., P.L. 480, and M.F.N. treatment, hardly any mention was made of these matters -- apparently because they wanted to be ideal hosts and did not want to ask favors.

General

I am attaching reports on meetings held with heads of governments.

Our experts are analyzing and synthesizing their information on agricultural productivity and potential, and are preparing more detailed

7--The President

reports on these subjects which will be sent to you. I might note here only a few preliminary thoughts with regard to agriculture in the five countries.

Substantial progress has been made in each country, but the weaknesses of the Socialist system as compared to the U.S. family-farm free enterprise agriculture are clear.

The greatest progress has been made in field crops: i.e., wheat, corn, sugar beets, sunflowers -- where mechanization and specialization are easiest. They have improved seed, machinery, and cultural practices. The speed with which the U.S.S.R. can produce and apply fertilizer can only be estimated. Khrushchev made it clear that this would be a crash program, and that they have both the will and resources to carry it out. It is my judgment that they will make fairly rapid progress, with resulting improved yields.

Progress in handling, processing and distributing the increased yields will be slower. Animal husbandry and vegetable and fruit production lag far behind, although recent price increases and emphasis will get some results in animal husbandry, at high cost. The marketing and distribution system is far behind.

The Socialist system in agriculture can get results, but slowly and at great expense. The Socialist countries have a long way to go to come close to the U.S. in getting food produced and on the table. Soviet agriculture can provide enough calories for domestic needs, and thus fear of insufficient food at home cannot be regarded as a factor that might deter foreign ventures.

Dietary expectations of the people are low, but rising. Encouragement of the drive for better diets, as well as for more of other consumer goods, could result in increased investment in this peaceful sector of the economy.

The 1962 reorganization of agricultural administration in the U.S.S.R. may have facilitated greater regional diversity and specialization, and possibly a little more managerial initiative on the part of farm managers. Inspectors (one for every five farms) and Party control insure conformity with the plan.

In all of the countries there is agrarian overpopulation and agricultural underemployment. Mechanization and increased efficiency are being held back so that peasants are not pushed off the land faster than they can be absorbed by industry. In each country the officials said that their plans were geared to this situation, and that soon

8--The President

industry would absorb rural labor. They seem not to have considered whether automation in industry will be such that excess rural labor will not be thus absorbed. Much as they may talk about full employment, it was evident that in the rural sector at least (and this is a large sector -- half, or more, of the total economy), there is underemployment and very inefficient use of manpower. In many instances that we analyzed in the Soviet Union the man-hours required to produce milk were four times those required in the United States.

One other point of interest, Red China was not often brought into the discussion by officials of the countries we visited. But when it did come up, always in connection with the nuclear test ban agreement, the comments were invariably of this nature: "China is our friend, but only madmen would seek to attain their goals by means of nuclear war" or "China is our ally, but it is insanity to use nuclear war". The fact that these two ideas, put together in the same sentence, in almost the same way, in four different countries and languages, seem to be an interesting representation of the current party line.

Enclosures